



Wing Yip Business Centre

Oldham Road

Manchester

M4 5HU

Service Charge Expenditure Report

1st October 2019 –

30th September 2020



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Johnson Fellows. Charter House, Newhall Street, Birmingham, B3 1SW





Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, W Wing Yip & Brothers Property and Investments Ltd. It is intended to provide details of the expenditure incurred for the service charge period 1st October 2019 to 30th September 2020.

Enclosed within this report is a copy of the Service Charge Variance Schedule and Service Charge Apportionment Schedule.

The service charge is administered having regard to RICS Professional Statement; Service Charges in Commercial Property; 1st Edition.

The Property

The property is located on the A62 Oldham Road, approximately 500m to the north east of Manchester City Centre. Oldham Road is one of the main arterial routes into Manchester. Links to the Motorway network are via J22 of the M60, 2 miles to the east.

The Business Centre adjoins the Wing Yip Superstore and forms an integral part of the same site along with a multi-storey car park. Access to the site is via Cassidy Close.

The Business Centre itself is a four storey brick building under a pitched tiled roof. It consists of multiple business units and a restaurant arranged over the 1st, 2nd and 3rd Floors. It has a dedicated entrance lobby leading to a passenger lift and central staircase. Access to the car park is provided at each level.

The primary services provided for the property consist of internal and external cleaning of the communal parts, utility consumption, lift maintenance, site security and maintenance.

Service Charge Objectives

The objective of Johnson Fellows as Managing Agent is to provide a high quality management service. In so doing we aim to provide a well maintained environment, delivering value for money for the service charge expenditure.

The objective of this report is to provide a clear explanation of the service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency.

Should any occupier have comments on the format, or the information contained in this report which would assist in the report being improved for the benefit of all concerned, these comments would be welcomed. We would also welcome constructive feedback on the communal services provided at the property.

VAT

The property is elected for VAT, consequently the expenditure stated within this report is net of VAT.



Voids and Concessions

Where any void units exist, the responsibility for the service charge rests with the Landlord.

Banking

Due to the general level of service charge funds, they are not maintained within a discrete bank account. The funds are held within the Johnson Fellows Clients Account which is maintained with Barclays Bank plc. As a consequence, the service charge is not credited with any interest, neither are any bank charges allocated to the service charge.

Interest charged on the late payment of service charge by tenants is to be credited to the service charge.

Reserve Fund

There is no reserve fund.



Service Charge Apportionment

The apportionment is detailed within the Service Charge Apportionment Schedule attached at Appendix A.

The budget contains a single schedule that all occupiers contribute towards.

The apportionment percentages are calculated based on gross internal floor areas. However, a weighting is applied to the contribution made by the Cash and Carry Store due to its significantly larger floor area. Similarly, following professional advice, a weighting is provided to the restaurant premises due to the intensity of use.

A full independent measured survey was completed in advance of the service charge year in order to verify the floor areas.



Management Team

Management Surveyor:

Ian Starbuck
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0462
Mobile: 07887 745 635
Email: ian.starbuck@johnsonfellows.co.uk

Ian Starbuck is responsible for the overall management of the property.

Facilities Manager:

Chris Monteith
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0409
Mobile: 07786 072 755
Email: chris.monteith@johnsonfellows.co.uk

Chris Monteith is responsible for the repair and maintenance of the property and statutory compliance.

Site Manager:

Ashley Clayton
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Mobile: 07860 207 355
Email: ashley.clayton@johnsonfellows.co.uk

Ashley Clayton is on site one day per week and is responsible for landscaping, minor items of repair and maintenance and tenant liaison for urgent matters.

Service Charge Accountant:

Rebecca Glover
Client Accounts
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0405
Email: rebecca.glover@johnsonfellows.co.uk

Rebecca Glover is the client accountant responsible for this property.



Expenditure Commentary

All figures are shown net of VAT

SCHEDULE 1 - Business Centre Costs - All Occupiers

- **Internal Cleaning** **£13,341.58**

The expenditure relates to the cleaning contract for the communal areas of the Business Centre including the WC's. The contractor attends 2 hours per day. Expenditure was marginally above the budgeted figure.

- **Pest Control** **£832.00**

The expenditure heading covers the pest control contract for the Business Centre with Rentokil. Expenditure was marginally under the budgeted cost.

- **Window Cleaning** **£317.04**

The cost covers the window cleaning contract for the Business Centre based on quarterly visits. Expenditure was under budget. Services were scaled back during the Covid pandemic.

- **Drain Maintenance** **£3,280.00**

The budget allowed for the annual drainage flush through at the estate. Expenditure was above budget due to the need to complete additional drainage works during the year.

- **External Landscaping** **-£141.50**

The grounds maintenance and landscaping costs are dealt with in house by the Johnson Fellows Site Manager. The credit relates to the reversal of an accrual from a previous service charge year.

- **External Repairs & Maintenance** **£6,596.93**

The budget allowed a contingency for any repairs and maintenance to exterior of the building and common parts. The expenditure was significantly above the budgeted figure. The main works were essential roof repairs to address leaks and secure loose tiles.

- **Internal Repairs & Maintenance** **£2,180.96**

The cost heading provided a contingency sum for any unforeseen repairs and maintenance to the communal areas. In total, expenditure was marginally above the budgeted figure. Various fire door and toilet repairs were completed.

- **Electricity** **£15,117.29**

The expenditure relates to the electricity consumption for the common areas of the estate. Total expenditure was below the budgeted figure. The consumption relating to the demised tenanted areas is recharged separately following the monitoring of sub meter readings.



- **Gas** **£4,810.40**

The expenditure relates to the gas consumption for the heating of the Business Centre. Total expenditure was above the budgeted figure.

- **Water Charges** **£2,285.34**

The cost heading relates to the water rates for the Business Centre. The expenditure was over the budgeted figure.

- **Office Costs** **£0.00**

The budget allowed for a contribution towards the telephone services utilised by the site security guards. The costs have been placed under the main Security cost heading.

- **Lift Maintenance Contract** **£594.76**

The expenditure is the annual maintenance contract for the passenger lift within the Business Centre. The contract consists of 6 visits per annum. The costs were below budget.

- **Lift Repairs** **£2,625.00**

The budget allowed a contingency sum for any unforeseen lift repairs. In total the expenditure was above the budgeted figure. The main item that was completed during the year was the renewal of the underside guide rollers.

- **M&E Maintenance Contract** **£7,597.28**

The expenditure relates to the contract cost for the weekly testing of the fire alarm, lightning protection, emergency lighting and boiler service. The expenditure was above budget due to the increase in contract costs.

- **M&E Repairs** **£15,542.03**

The budget provided a contingency for repairs to the Landlord's M&E equipment. The expenditure was significantly above the budgeted figure. The main item of expenditure during the year was the essential replacement of the lighting to the car park and upgrading to LED fittings.

- **Security Equipment** **£475.00**

The expenditure relates to the annual CCTV maintenance contract. It was under budget.

- **Health & Safety** **£1,465.00**

The expenditure relates to the completion of the annual health & safety, fire risk assessment and annual legionella test. Expenditure was in line with the budgeted figure.



- **Staff Costs** **£5,232.67**

The expenditure represents the costs for the Site Manager. He is at the property one day per week and is responsible for landscaping, minor items of repair and maintenance and tenant liaison for urgent matters. Overall, we believe that this results in cost savings over the previous regime, whilst also improving the service. The expenditure was in line with the budgeted figure.

- **Security Guarding** **£113,238.40**

The expenditure relates to the 24/7 site security guarding. It was above the budgeted cost.

- **Audit Fee** **£900.00**

The expenditure is for the year end accounts to be certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. Costs were in line with the budget.

- **Management Fee** **£8,405.00**

This figure represents the costs incurred for the management of the property, administration of the service charge and completing periodic inspections. The fee was in line with the budget.

- **Facilities Management** **£4,115.00**

The figure represents the costs incurred to organise and supervise the various contracts in place, deal with items of maintenance, ensuring compliance and complete regular site inspections. The fee was in line with the budget.

Total

Schedule 1 **£208,810.18**

Expenditure Approval

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Facilities Manager

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Partner

Dated 23rd June 2021

Dated 23rd June 2021



Appendix A

Wing Yip Business Centre, Manchester

Service Charge Apportionment Schedule

1st October 2019 - 30th September 2020

Unit	Schedule	Area Sq Ft	Weighted Area Sq Ft	Weighted %
Cash & Carry Store	1	47,681	19,230	48.22%
Units 2A & 2D	1	1,958	1,973	4.95%
Units 3 & 3A	1	11,222	14,925	37.43%
Unit 3B	1	490	490	1.23%
Unit 3C	1	746	746	1.87%
Unit 3D	1	670	670	1.68%
Unit 3E	1	645	645	1.62%
Unit 3F	1	1,198	1,198	3.00%
1 Total		64,610	39,877.00	100.00%

Floor areas measured on a GIA basis

Weighted area for Cash & Carry based on 100% for first 10,000 sq ft, 50% for second 10,000 sq ft, 25% for third 10,000 sq ft, 12.5% for fourth 10,000 sq ft and 6.25% for fifth 10,000 sq ft

Weighted area for restaurant increased by one third due to intensity of use following professional advice



Appendix B

Wing Yip Business Centre, Manchester

Service Charge Variance Schedule

1st October 2019 - 30th September 2020

The property is VAT registered. Figures for all schedules are shown net of VAT.

Service Charge Item	Schedule	Budget 2019-20	Expenditure 2019-20
Internal Cleaning	1	£ 13,000.00	£ 13,341.58
Pest Control	1	£ 850.00	£ 832.00
Window Cleaning	1	£ 1,500.00	£ 317.04
Estate Cleaning (Drainage)	1	£ 2,500.00	£ 3,280.00
External Landscaping	1	£ -	-£ 141.50
External Repairs & Maintenance	1	£ 1,000.00	£ 6,596.93
Internal Repairs & Maintenance	1	£ 2,000.00	£ 2,180.96
Electricity	1	£ 27,000.00	£ 15,117.29
Gas	1	£ 3,150.00	£ 4,810.40
Water Charges	1	£ 1,400.00	£ 2,285.34
Office Costs	1	£ 600.00	£ -
Lift Maintenance Contract	1	£ 680.00	£ 594.76
Lift Repairs	1	£ 1,500.00	£ 2,625.00
M&E Maintenance Contract	1	£ 6,000.00	£ 7,597.28
M&E Repairs	1	£ 5,000.00	£ 15,542.03
Security Systems	1	£ 2,000.00	£ 475.00
Health & Safety	1	£ 1,500.00	£ 1,465.00
Staff Costs	1	£ 5,233.00	£ 5,232.67
Security Guarding	1	£ 105,000.00	£ 113,238.40
Audit Fee	1	£ 900.00	£ 900.00
Management Fee	1	£ 8,405.00	£ 8,405.00
Facilities Management	1	£ 4,115.00	£ 4,115.00
1 Total		£ 193,333.00	£ 208,810.18



Report of the Accountants on
the Service Charge Expenditure
of Johnson Fellows as Agents for
W Wing Yip & Brothers Property & Investments Limited
Year ended 30 September 2020
Oldham Road, Ancoats, Manchester.

Accountants Report On Service Charge Expenditure Statement

Report to the Tenants of Oldham Road

We have examined the service charge statement of account (see appendix 1) in respect of Oldham Road, Ancoats, Manchester for the year ended 30 September 2020 together with the books and records maintained by Johnson Fellows ("the managing agent").

Under the terms of this engagement, we were not required to, and did not, form any opinion as to either the reasonableness of the costs included within the service charge statement or the standard of the services or works provided.

Respective responsibilities of the managing agent and accountant

The managing agent has undertaken responsibility for the preparation of the service charge statement on behalf of the tenants. It is our responsibility to form an independent opinion, based on our examination, on the service charge account and to report our opinion exclusively to the managing agent.

Basis of opinion

Our work included examination of evidence relevant to the amounts included in the statement and their disclosure.

We planned and performed our examination so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the service charge statement is a fair summary of

Basis of opinion (continued)

the costs relating to Oldham Road, Ancoats, Manchester and is sufficiently supported by accounts, receipts and other documents which have been made available to us. In view of the purpose for which this service charge statement has been prepared, however, we did not evaluate the overall adequacy of the presentation of the information which would have been required if we were to express an audit opinion under International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.

Opinion

In our opinion the service charge statement presents a fair summary of the expenditure for the year ended 30 September 2020 is sufficiently supported by accounts, receipts and other documents.



MHA MacIntyre Hudson
Chartered Accountants

Date: 30 April 2021

SUMMARY EXPENDITURE REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020 OLDHAM ROAD, ANCOATS, MANCHESTER									
COST CATEGORY	EXPENSE TOTAL SCHEDULE 1 £				BUDGET £	VARIANCE TO BUDGET £			
MANAGEMENT									
Management fees	8,405	8,405		9,005	-600				
Accounting fees	900	900		900	0				
Health, safety and environmental	1,465	1,465		1,500	-35				
Site management resources	9,348	9,348		9,348	0				
Subtotal	20,118	20,118		20,753	-635				
UTILITIES									
Electricity	15,117	15,117		27,000	-11,883				
Gas	4,810	4,810		3,150	1,660				
Water	2,285	2,285		1,400	885				
Telephone	0	0		0	0				
Subtotal	22,213	22,213		31,550	-9,337				
SOFT SERVICES									
Security	113,713	113,713		107,000	6,713				
Cleaning and environmental	14,349	14,349		17,850	-3,501				
Subtotal	128,063	128,063		124,850	3,213				
HARD SERVICES									
Mechanical and electrical services	23,139	23,139		11,000	12,139				
Lifts and escalators	3,220	3,220		2,180	1,040				
Fabric repairs and maintenance	12,058	12,058		3,000	9,058				
Subtotal	38,417	38,417		16,180	22,237				
Grand Total	208,810	208,810		193,333	15,477				